

**House File 664 - Introduced**

HOUSE FILE 664

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 68)

**A BILL FOR**

1 An Act exempting certain leases or rentals between affiliates  
2 from the sales and use tax and from the fee for new vehicle  
3 registration, and including effective date and retroactive  
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.105A, subsection 3, paragraph f,  
2 Code 2023, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (3) (a) A vehicle leased between  
4 affiliates, when the lessor has paid the fee imposed in  
5 subsection 2 on the leased vehicle prior to the lease.

6 (b) For purposes of this subparagraph:

7 (i) "*Affiliate*" means an entity that directly or indirectly  
8 controls, is controlled with or by, or is under common control  
9 with another entity.

10 (ii) "*Control*" or "*controlled*" means any of the following:

11 (A) In the case of a United States corporation, the  
12 ownership, directly or indirectly, of fifty percent or more of  
13 the voting power to elect directors.

14 (B) In the case of a foreign corporation, if the voting  
15 power to elect the directors is less than fifty percent, the  
16 maximum amount allowed by applicable law.

17 (C) In the case of an entity other than a corporation, fifty  
18 percent or more ownership interest in the entity, or the power  
19 to direct the management of the entity.

20 Sec. 2. Section 423.3, Code 2023, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 110. a. The sales price on the lease  
23 or rental of personal property between affiliates when the  
24 affiliate has paid a tax on the sales price imposed under this  
25 subchapter, a use tax imposed under subchapter III, or a fee  
26 imposed under section 321.105A on the personal property leased  
27 or rented prior to such lease or rental.

28 b. For purposes of this subsection:

29 (1) "*Affiliate*" means an entity that directly or indirectly  
30 controls, is controlled with or by, or is under common control  
31 with another entity.

32 (2) "*Control*" or "*controlled*" means any of the following:

33 (a) In the case of a United States corporation, the  
34 ownership, directly or indirectly, of fifty percent or more of  
35 the voting power to elect directors.

1 (b) In the case of a foreign corporation, if the voting  
2 power to elect the directors is less than fifty percent, the  
3 maximum amount allowed by applicable law.

4 (c) In the case of an entity other than a corporation, fifty  
5 percent or more ownership interest in the entity, or the power  
6 to direct the management of the entity.

7 Sec. 3. REFUNDS. Refunds of taxes, interest, or penalties  
8 which arise from the enactment of this Act, for leases or  
9 rentals occurring between January 1, 2015, and the effective  
10 date of this Act, shall not be allowed, notwithstanding any  
11 other provision of the law to the contrary.

12 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate  
13 importance, takes effect upon enactment.

14 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies  
15 retroactively to January 1, 2015, for leases or rentals  
16 occurring on or after that date.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with  
19 the explanation's substance by the members of the general assembly.

20 This bill exempts certain leases or rentals between  
21 affiliates from the sales and use tax and from the fee for new  
22 vehicle registration.

23 The bill exempts from the fee for new registration under Code  
24 section 321.105A(3)(a) a vehicle leased between affiliates,  
25 when the fee for new registration imposed under Code section  
26 321.105A(2) has been paid by the lessor prior to the lease.

27 The bill exempts from the sales and use tax the lease or  
28 rental of personal property between affiliates when a sales  
29 tax, use tax, or fee for new registration for a vehicle has  
30 been paid by an affiliate on the personal property leased or  
31 rented prior to such lease or rental.

32 The bill prohibits refunds of taxes, interest, or penalties  
33 arising from claims resulting from the enactment of the bill.

34 The bill defines "affiliate" to mean an entity that directly  
35 or indirectly controls, is controlled with or by, or is under

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1 common control with another entity.

2 The bill defines "control" in most instances to mean the  
3 ownership, directly or indirectly, of 50 percent or more of the  
4 voting power to elect directors.

5 The bill takes effect upon enactment and applies  
6 retroactively to January 1, 2015, for leases or rentals  
7 occurring on or after that date.